

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA**§ 45.1-361.26****VIRGINIA:****BEFORE THE GAS AND OIL BOARD****APPLICANTS:**

CNX Gas Company on behalf of Sara Kathleen Wade and
final order entered by Judge Keary Williams in Civil
Action No CL09-476.

DOCKET NO.**92-0218-0185-03****RELIEF SOUGHT:**

Issuance: A Supplemental Order for Disbursement of Escrowed Funds

Action: Amending Prior Orders Affecting Drilling Unit SLW 7;
Tract 33
(Referenced herein as "the Subject Drilling Unit")

Location: Buchanan County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit SLW 7 by Tract Sub-accounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for VGOB Tract(s) identified in Table 1.

REPORT OF THE BOARD**FINDINGS AND ORDER**

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on November 16, 2010, at the Russell County Conference Center, 139 Highland Drive, Lebanon, Virginia.
2. **Appearances:** Mark A. Swartz of Swartz Law Office appeared for the Applicant; and Sharon M.B. Pigeon, Sr. Senior Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements,

(3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. **Proceedings:**

4.1 On February 18, 1992, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on May 1, 1992, in Deed Book 390, Pages 666 to 676. The Supplemental Order was executed and recorded in with the Clerk of the Circuit Court Buchanan County on July 18, 1996; Deed Book 451 Pages 172 to 182, Instrument 1598.

b) On April 15, 1998 a Board Order was entered in VGOB Docket 97-0415-0576-01 which was recorded on April 29, 1997 in Deed Book 475 Page 367. An Amended Supplemental Order regarding 92-0218-0185 relative to Elections in Unit SLW 7 was approved and filed with the Clerk of the Circuit Court of Buchanan County on July 14, 1998 in Deed Book 478, Pages 623 to 645.

4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to Pooling Order and testimony, the coal estate ownership interests Torch Oil and Gas Company and the gas ownership of Sarah Kathleen Wade in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.

4.3 The Unit Operator's Miscellaneous Petition, a copy of which is attached to and made a part hereof, states under oath that Summary Judgement from the Buchanan County Circuit Court has decided that Sara Kathleen Wade is the owner of coalbed methane gas with regard to Tract 33 in the subject drilling unit. The Circuit Court in Civil action No CL09-476 states that Sarah Kathleen Wade is entitled to 100% of the Royalties from Tract 33 in the SLW 7 gas unit.

4.4 The Unit Operator gave notice to Torch Oil and Gas Company and Sarah Kathleen Wade that the Board would consider this disbursement authorization at its hearing on November 16, 2010 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tract 33 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to said Tract 33 relative to the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties in other tracts under this order subject to continued payment in the escrow.

4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. **Findings:**

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) A Circuit Court of competent jurisdiction in Buchanan County Virginia has issued a decision for the gas ownership interests of Sarah Kathleen Wade in the Subject Drilling Unit SLW 7, stating that Sarah Kathleen Wade is entitled to 100% of the coalbed methane gas from Tract 33 in the subject drilling unit.
- (2) Net interests attributable and to be disbursed to each Applicant is shown in Table 1.

VGOB Approved Disbursement VGOB-92-0218-0185-03 SLW_7			Escrow balance at May 31, 2010			
			Frac Interest	Acreage Interest Disbursed	Split Agreement	% of Escrowed Funds
					Escrowed Acres Total	
		Table 1				
Item	Tract	Disbursement Table				
		Totals			80.3085	
	33	Torch Oil and Gas Company		15.8680		
1	33	Torch Oil and Gas Company	1	15.8680	0.0%	0.0000%
2	33	Sarah Kathleen Wade (Thurman Wade) / PO Box 225 / Oakwood, VA 24631	1	15.8680	100.0%	19.7588%

6. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. **Conclusion:**

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. **Appeals:**

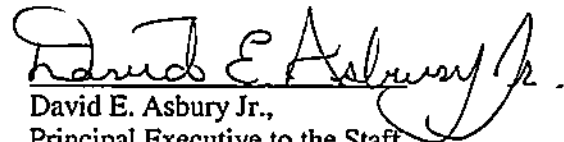
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 17 day of Dec, 2010, by a majority of the Virginia Gas and Oil Board.



Bradley C. Lambert, Chairman

DONE AND PERFORMED this 17 day of Dec, 2010, by an Order of this Board.


David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF RUSSELL

Acknowledged on this 17th day of December, 2010, personally before me a notary public in and for the Commonwealth of Virginia, appeared **Bradley C. Lambert**, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and **David E. Asbury Jr.**, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public #174394

My commission expires: 09/_30/_2013__



VIRGINIA:

IN THE CIRCUIT COURT FOR THE COUNTY OF BUCHANAN

SARAH KATHLEEN WADE,

Civil Action No.: CL09-476

Plaintiff,

v.

HUGH MACRAE LAND TRUST And
TORCH OIL & GAS COMPANY, et al.,
a Delaware corporation,

Defendants.

ORDER GRANTING MOTION FOR SUMMARY JUDGMENT

This matter, having come before the Court on the Motion of Plaintiff Sarah Kathleen Wade ("Plaintiff") for Summary Judgment, and the Court having reviewed the papers submitted by the parties and having heard oral argument of counsel, and for good cause shown, hereby ORDERS:

1. Plaintiff brings this action, pursuant to Virginia Code § 8.01-184, as a suit for a declaration of rights under the Virginia Gas and Oil Act (the "Act"), Virginia Code § 45.1-361.1 *et. seq.* Specifically, Plaintiff seeks a determination under the Act that in connection with the ostensible ownership conflict between Defendants and Plaintiff regarding the parties' coalbed methane ownership rights in certain tracts, as a matter of controlling law under *Harrison-Wyatt v. Ratliff*, 267 Va. 549, 593 S.E.2d 234 (2004) and Virginia Code § 45.1-361.21:1, no such ownership conflict exists.

2. The Act states that "[t]he Board shall order payment . . . from the escrow account to conflicting claimants only after . . . a final decision of a court of competent

jurisdiction adjudicating the ownership of coalbed methane gas as between them." §45.1-361.22.5 (emphasis added).

3. Pursuant to the express language of the statute, the ownership determination is binary: either the gas is owned by one conflicting claimant, or it is owned by the other conflicting claimant. Ownership conflicts under the Act are by definition limited to conflicts only between the named conflicting claimants.

4. It is undisputed that in 1997 and 1998, Defendant CNX filed with the Gas and Oil Board a series of forced pooling petitions that related to the tracts at issue in this case. In each of those petitions, CNX claimed that a conflict existed regarding ownership of the coalbed methane rights, which conflict required CNX to deposit all royalties into an escrow account.

5. In each of the petitions filed, pursuant to the statutory requirements, CNX identified the two "conflicting claimants": Sarah Kathleen Wade (the land owner) and Hugh Macrae Land Trust (the coal owner).

6. Consistent with the dictates of the Act, this Court's role is to determine whether an ownership conflict exists "as between" Ms. Wade and the Land Trust. If such a conflict exists, then the money should remain in escrow; if such a conflict does not exist, then the money must be released from escrow.

7. The Virginia Supreme Court held in *Ratliff* that when a surface owner or his predecessor-in-title "has conveyed all the coal in and under his land, title to the coal bed methane gas in the tract has not passed to the coal owner along with the coal."

8. Along the same lines, Virginia Code § 45.1-361.21:1, as amended, mandates that "a conveyance, reservation, or exception of coal shall not be deemed to include

coalbed methane gas, and in accordance with § 45.1-361.21:1(3), . . . an emergency exists and this act is in force from its passage. Approved by Governor - Chapter 730 (effective 4/13/10)."

9. Both *Ratliff* and the new statute stand for the basic proposition that when a landowner enters into a severance deed for coal only, the landowner retains the rights to the gas under her land. Thus, it is controlling Virginia law that when a landowner or her predecessors convey only coal to an operator through a severance deed or lease, there is a legal presumption that the landowner owns the rights to the gas under her land.

10. That presumption is rebuttable with admissible evidence that the other "conflicting party" named in the forced pooling petition owns the rights to the gas under the landowner's land. The coal or gas operator bears the evidentiary burden to come forward with such evidence of ownership. In the absence of such evidence, there is no ownership conflict "as between" the conflicting parties under the Act.

11. Turning to the facts of this case, Plaintiff has provided the Court with undisputed evidence that the severance deed related to the tracts in question conveyed only coal. See Complaint, Ex. F. As a matter of law, title to the coalbed methane gas at issue was not conveyed with the coal underlying Plaintiff's land.

12. This coal-only severance deed creates a legal presumption that Plaintiff owns the rights to the coalbed methane under her land.

13. To prove that an ownership conflict under §45.1-361.22.5 exists, the burden shifts to Defendants to adduce evidence that one of the other "conflicting parties" – and not Plaintiff – owns the rights to the gas.

14. Defendants have failed to produce any such evidence. Instead, Defendants argue that Plaintiff has not proven that she owns the gas. Defendants' attempts to shift the evidentiary burden to Plaintiff are unavailing.

15. Defendants have raised no questions of material fact that support their contention that there are conflicting ownership claims to the coalbed methane in the relevant tracts.

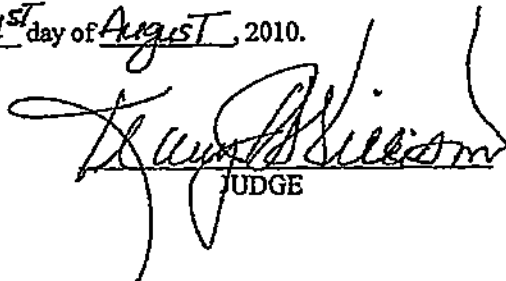
16. Because there are no issues of material fact in dispute regarding the ownership of the coalbed methane at issue, the Court grants Plaintiff's motion for summary judgment in full.

17. The Court rules that pursuant to §45.1-361.22.5 of the Act, the operator of the tracts at issue CNX is required within thirty days of notification of this decision to file with the Virginia Gas and Oil Board a petition to disburse from the escrow account to Plaintiff all principal and accrued interest associated with the tracts at issue, less the escrow account fees.

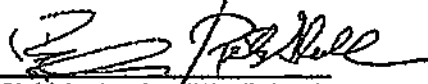
18. The Court directs the Virginia Gas and Oil Board to act expeditiously in disbursing Plaintiff's funds.

19. The Court retains jurisdiction over this matter until Plaintiff has received from the Board all principal and accrued interest, less escrow account fees.

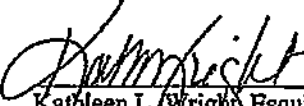
SO ORDERED this 31st day of August, 2010.


JUDGE

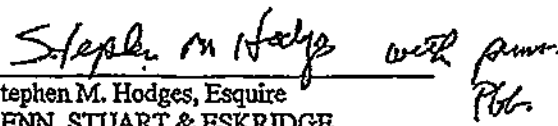
SEEN AND REQUESTED:


 Peter G. Glubiak, Esquire, (VSB#31271)
 GLUBIAK LAW OFFICE
 P. O. Box 144
 Aylett, Virginia 23009
 Telephone: (804) 769-1616
 Facsimile: (804) 769-1897
 Counsel for Plaintiff

SEEN AND ~~AGREED~~ OBJECTED TO for reasons stated in oral argument, in Torch Oil & Gas Company's Response to Plaintiff's Motion for Summary Judgment, and in Torch's July 29, 2010 letter to the Court, as well as the objections stated on the attached list.


 Kathleen L. Wright Esquire
 GENTRY LOCKE RAKES & MOORE, LLP
 P. O. Box 40013
 Roanoke, Virginia 24022-0013
 Counsel for Torch Oil & Gas Company

SEEN AND AGREED:


 Stephen M. Hodges, Esquire
 PENN, STUART & ESKRIDGE
 P. O. Box 2288
 Abingdon, Virginia 24212
 Counsel for CNX Gas Company, LLC

Objections of Torch Oil & Gas Company ("Torch") to the
Order Granting Motion for Summary Judgment.

1. Torch objects to the Order on the grounds that it contradicts the Court's letter opinion of August 13, 2010, in that the Court considered title information provided by the plaintiff in reaching its decision, and did not rely on any claimed legal presumption based on the 1887 coal severance deed.
2. Torch objects to the Court's reliance on force pooling documents that were not before the Court as evidence or in any other form. Torch also objects to the consideration of CNX's force pooling documents on the grounds that the documents were redacted without explanation, the documents were not authenticated, and the plaintiff did not lay any evidentiary foundation for the documents. The only portions of force pooling documents the Plaintiff provided Torch copies of were apparently created in 1992 or earlier, and contained no supporting documentation.
3. Torch objects to the Order to the extent it concludes that a plaintiff filing an action under the Virginia Gas and Oil Act is not required to prove ownership of the gas rights on the real estate at issue or ownership of the escrowed royalties in order to be awarded the escrowed royalty amounts.
4. Torch objects to the Court's consideration and reliance on inadmissible hearsay.
5. Torch objects to the Order to the extent it concludes that the existence of a "coal-only" severance deed from 1887, describing approximately 200 acres, is sufficient proof of the plaintiff's 2010 gas or royalty ownership on approximately 50 acres.
6. Torch objects to the Order on the grounds that the Court did not require the plaintiff to prove that the 50 acres through which she claimed ownership of gas royalties was within the property described in the 1887 coal severance deed.
7. Torch objects to the Order on the grounds that it places the burden of proof on a defendant and creates a default rule in favor of the plaintiff without requiring the plaintiff to prove anything. (Order, ¶¶ 10, 13).
8. Torch objects that Paragraph 12 of the Order as an incorrect statement of the law of Virginia. A coal-only severance deed from 1887, describing approximately 200 acres, cannot create a legal presumption that Kathleen Wade owns the gas rights on 50 acres.
9. Torch objects to Paragraph 14 of the Order on the grounds that the evidentiary burden was and is on the Plaintiff, not the Defendants.

Lovett, James (DMME)

From: Cumbow, Melissa [MelissaCumbow@consolenergy.com]
Sent: Tuesday, November 09, 2010 9:27 AM
To: Davis, Diane (DMME); Lovett, James (DMME)
Subject: Sarah Kathleen Wade Decision
Attachments: Sarah Kathlene Wade.pdf

Melissa Cumbow
(304) 323-6642

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11/09/10

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO: VGOB 92-0218-0185-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 33
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: November 16, 2010

DRILLING UNIT: SLW 7

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. Petitioner and its counsel: Petitioner is CNX Gas Company LLC, 2481 John Nash Boulevard, Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC.**, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.

2. Relief sought: (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 33 as depicted upon the annexed Exhibit A; and (2) authorization to begin paying royalties directly to Sarah Kathleen Wade as she is entitled to 100% of the Royalties according to the final order which was entered by Judge Keary Williams on August 31, 2010, Civil action No :CL09-476, adjudicating the ownership of coalbed methane gas.

3. Legal Authority: Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of well(s): Coalbed methane.

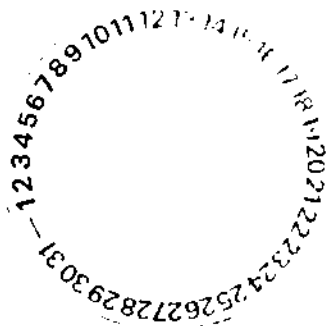
5. Factual basis for relief requested: Sarah Kathleen Wade is entitled to 100% of the Royalties according to the final order which was entered by Judge Keary Williams on August 31, 2010, Civil action No :CL09-476, adjudicating the ownership of coalbed methane gas. This also allows the Applicant and Designated Operator to pay royalties directly to the person identified in Exhibit EE.

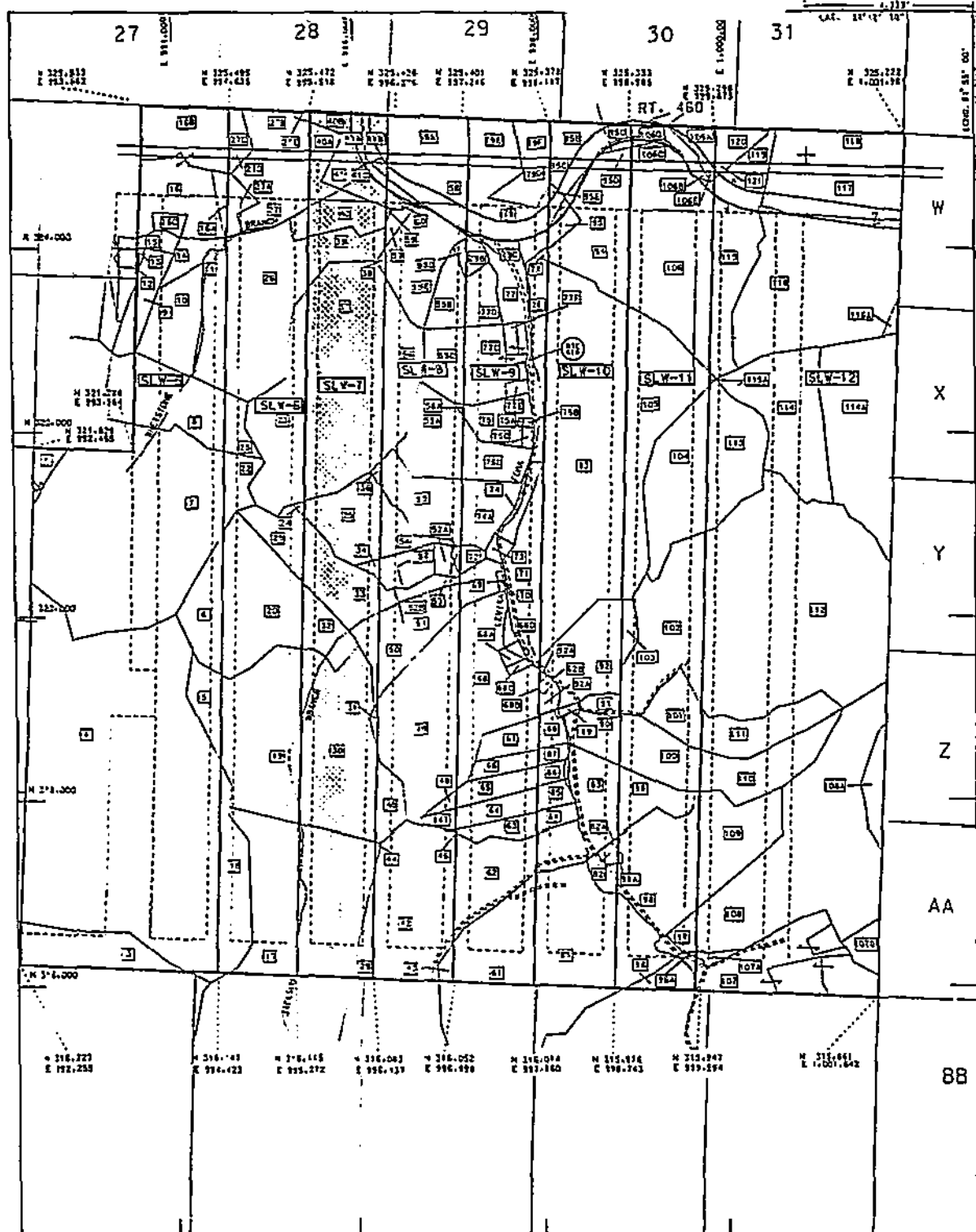
6. Attestation: The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC
BY ITS PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By: _____

Anita D. Duty
Pooling Supervisor
CNX Land Resources, Inc.
2481 John Nash Blvd.
Bluefield, West Virginia 24701





NOTE: ALL ACRES ARE PLANIMETERED

EXPLANATION

- PROPOSED SLW UNIT
- PROPERTY LINE
- HIGHWAY RIGHT-OF-WAY
- TRACT IDENTIFICATION NUMBER
- COUNTY ROUTE
- AA-26 OAKWOOD FIELD LINE
- SLW-7 OAKWOOD FIELD 80 ACRE 10.
- PROPOSED LONGWALL PANEL
- VIRGINIA SOUTH STATE PLANE
- COORDINATES NORTH 325.065
- EAST 992.667

- ← TRACT LAND HOOK
- FORCE POOL PANEL

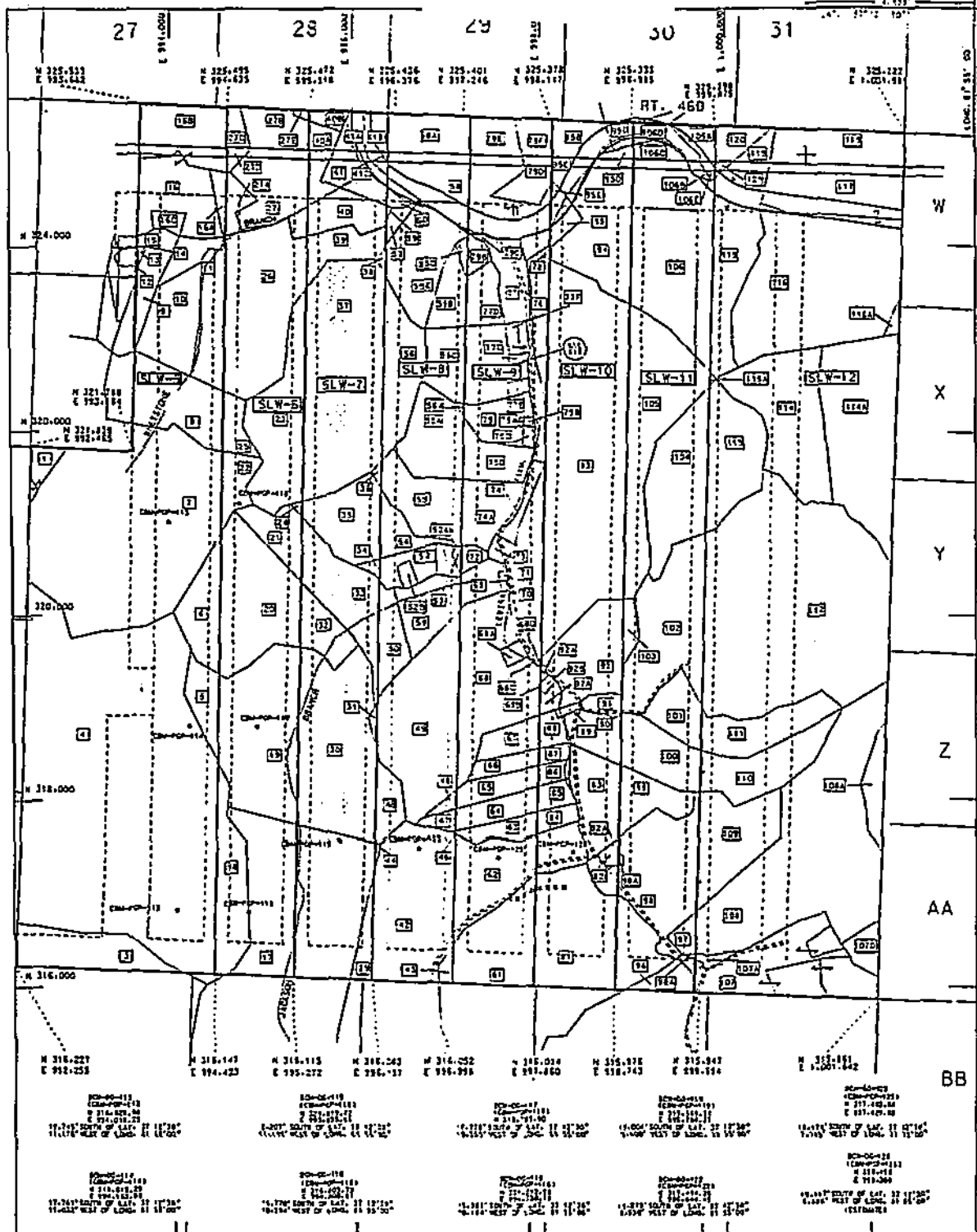
EXHIBIT B

POCAHONTAS GAS PARTNERSHIP
DOCKET NO. V608-92-0121- 0185
FORCE POOLING

UNIT SLW - 7
KEEN MTN. QUADRANGLE
BUCHANAN COUNTY, VA

SCALE:
0" 550' 1100'

PREPARED BY L. ABBINGTON
DRAWN BY D.L. BRADSHAW
DATE JAN 13, 1992



NOTE: ALL ACRES ARE PLANIMETERED

EXPLANATION

- PROPOSED SLW UNIT
- PROPERTY LINE
- HIGHWAY RIGHT-OF-WAY
- TRACT IDENTIFICATION NUMBER
- COUNTY ROUTE
- AA-25 OAKWOOD FIELD LINE
- SLW-7 OAKWOOD FIELD 80 ACRE 10.
- PROPOSED LONGWALL PANEL
- VIRGINIA SOUTH STATE PLANE
- COORDINATES NORTH 325.065
- EAST 992.567
- COALBED METHANE WELL
- LOCATION
- TRACT LAND HOOK
- FORCE POOL PANEL

EXHIBIT B-1

POCAHONTAS GAS PARTNERSHIP
 DOCKET NO. VGOB-92-0121- 0185
 FORCE POOLING
 WELL LOCATIONS
 UNIT SLW - 7
 KEEN MTN. QUADRANGLE
 BUCHANAN COUNTY, VA

SCALE:
 0' 550' 1100'

PREPARED BY L. ARDRETT
 CARO BY J.L. BRADSHAW
 DATE JAN 13, 1997

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 1

28. Coal Mountain Mining - TR 2 - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Consolidation Coal Company - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
27.403 acres - 14.78%
29. Coal Mountain Mining Company - TR 6^s - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Company - Oil & Gas Lessee
3.310 acres - 1.79%
30. Hugh MacRae Land Trust - TR 14 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Coal Mountain Mining - Oil & Gas
36.788 acres - 19.84%
31. Coal Mountain Mining Company - TR 11 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
0.677 acres - 0.36%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 2

32. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
R. Horn - Oil & Gas
7.040 acres - 3.80%
33. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Wade - Oil & Gas
15.868 acres - 8.56%
34. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
J. V. Hale - Oil & Gas
0.772 acres - 0.42%
35. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
J.D. Keen - Oil & Gas
13.307 acres - 7.18%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

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36. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Marshall Heirs - Oil & Gas
0.4475 acres - 0.24%
37. Hugh MacRae Land Trust - TR 2 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
47.907 acres - 25.84%
38. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
0.454 acres - 0.24%
39. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Garden Reality - Oil & Gas
Consolidation Coal Company - Oil & Gas Lessee
7.057 acres - 3.81%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

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40. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
W.J. Sisk Heirs - Oil & Gas
11.923 acres - 6.43%
41. Yukon Pocahontas Coal - TR 50-3 - Coal, Oil & Gas
Coal Lessees
Jewell Smokeless Coal Corporation/ Oakwood Ash Coal Corp.
Island Creek Coal Company
Consolidation Coal Company
OXY USA - CBM Lessee
Cabot Oil - Oil & Gas Lessee
6.55 acres - 3.53%
- 40A. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Island Creek Coal Company
Pocahontas Gas Partnership - CBM Lessee
W.J. Sisk Heirs - Oil & Gas
1.37 acres - 0.74%

Pocahontas Gas Partnership

Docket No. VGOB-92/02/18-0185 Force Pooling Application

Panel by Panel Active Coalbed Methane Units

SLW-7

Total Acres - 185.385

Page 5

40B. Hugh MacRae Land Trust - TR 17 - Coal

Coal Lessees

Permac, Inc.

Consolidation Coal Company

Island Creek Coal Company

Pocahontas Gas Partnership - CBM Lessee

C. Jackson - Oil & Gas

1.662 acres - 0.90%

41A. Yukon Pocahontas Coal - Coal, Oil & Gas

Coal Lessees

Island Creek Coal Company

Jewell Smokeless Coal Corporation

OXY USA - CBM Lessee

Cabot Oil - Oil & Gas Lessee

1.93 acres - 1.04%

41B. Coal Mountain Mining Company - TR24 - Coal

Coal Lessees

Permac, Inc.

Consolidation Coal Company

Island Creek Coal Company

Pocahontas Gas Partnership - CBM Lessee

Garden Realty - Oil & Gas

Consolidation Coal Company - Oil & Gas Lessee

0.76 acres - 0.41%

41C. Coal Mountain Mining Company - TR24 - Coal

Coal Lessees

Permac, Inc.

Consolidation Coal Company

Pocahontas Gas Partnership - CBM Lessee

Garden Realty - Oil & Gas

Consolidation Coal Company - Oil & Gas Lessee

0.16 acres - 0.09%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit
<u>Tract #31 - 0.677 Acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Coal Mountain Mining Company, LLP, Tr. 11 P.O. Box 675 Tazewell, VA 24651	0.677 acres	0.3652%
<u>OIL & GAS OWNERSHIP</u>		
(1) Ernest Keen Heirs, Devisees, Successors or Assigns	0.677 acres	0.3652%
(a) Paul Keen (Deceased) Rt. 1, Box 52 Raven, VA 24639	0.113 acres 1/6 of 0.677 acres	0.0609%
(b) Ralph Keen 200 Summit Avenue Lebanon, VA 24266	0.113 acres 1/6 of 0.677 acres	0.0609%
(c) Arnold Keen RR 2, Box 91 Cedar Bluff, VA 24609	0.113 acres 1/6 of 0.677 acres	0.0609%
(d) Ruby Hale (Deceased) Box 731 Cedar Bluff, VA 24609	0.113 acres 1/6 of 0.677 acres	0.0609%
(e) Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	0.113 acres 1/6 of 0.677 acres	0.0609%
(f) Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280	0.113 acres 1/6 of 0.677 acres	0.0609%
<u>Tract #36 - 0.4475 Acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.4475 acres	0.2414%
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>		
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030		
<u>OIL & GAS OWNERSHIP</u>		
(1) Earl Marshall Heirs, Devisees, Successors or Assigns	0.4475 acres	0.2414%
(a) Charles L. Ritchie 1509 Kentucky Ave. Bristol, VA 24202	0.280 acres 5/8 of .4475 acres	0.1509%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit
(b) Lowery L. Jackson 5001 Parker Avenue West Palm Beach, FL 33405	0.056 acres 1/8 of .4475 acres	0.0302%
(c) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	0.056 acres 1/8 of .4475 acres	0.0302%
(d) Herbert L. Jackson P. O. Box 426 Grundy, VA 24614 <i>(Deceased - goes to Jerry Jackson, other portions as well Look for deeds/will forthcoming.)</i>	0.056 acres 1/8 of .4475 acres	0.0302%

Tract #37 - 47.907 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.2 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	47.907 acres	25.8419%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) Ernest Keen Heirs, Devisees, Successors or Assigns	47.907 acres	25.8419%
(a) Paul Keen (Deceased) Rt. 1, Box 52 Raven, VA 24639	7.985 acres 1/6 of 47.907 acres	4.3070%
(b) Ralph Keen 200 Summit Avenue Lebanon, VA 24266	7.985 acres 1/6 of 47.907 acres	4.3070%
(c) Arnold Keen RR 2, Box 91 Cedar Bluff, VA 24609	7.985 acres 1/6 of 47.907 acres	4.3070%
(d) Ruby Hale (Deceased) Box 731 Cedar Bluff, VA 24609	7.985 acres 1/6 of 47.907 acres	4.3070%
(e) Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	7.985 acres 1/6 of 47.907 acres	4.3070%
(f) Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280	7.985 acres 1/6 of 47.907 acres	4.3070%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit
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Tract #38 - 0.454 Acres

COAL OWNERSHIP

(1)	Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.454 acres	0.2449%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1)	Ernest Keen Heirs, Devisees, Successors or Assigns	0.454 acres	0.2449%
(a)	Paul Keen (Deceased) Rt. 1, Box 52 Raven, VA 24639	0.076 acres 1/6 of 0.454 acres	0.0408%
(b)	Ralph Keen 200 Summit Avenue Lebanon, VA 24266	0.076 acres 1/6 of 0.454 acres	0.0408%
(c)	Arnold Keen RR 2, Box 91 Cedar Bluff, VA 24609	0.076 acres 1/6 of 0.454 acres	0.0408%
(d)	Ruby Hale (Deceased) Box 731 Cedar Bluff, VA 24609	0.076 acres 1/6 of 0.454 acres	0.0408%
(e)	Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	0.076 acres 1/6 of 0.454 acres	0.0408%
(f)	Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280	0.076 acres 1/6 of 0.454 acres	0.0408%

Tract #40 - 11.923 Acres

COAL OWNERSHIP

(1)	Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	11.923 acres	6.4315%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres in Unit	Interest In Unit
<u>OIL & GAS OWNERSHIP</u>		
(1) W.J. Sisk Heirs, Devisees	11.923 acres	6.4315%
(a) Dale Hodge Chambers Rt 1 Box 82 Raven, Va 24639	3.974 acres 1/3 of 11.923 acres	2.1438%
(b) Larry Douglas Chambers Rt 1 box 82 Raven, Va 24639	6.245 acres 11/21 of 11.923 acres	3.3689%
(c) Jimmy Donald Sisk 2854 Kay Blvd Norton, OH 44203	0.426 acres 1/28 of 11.923 acres	0.2297%
(d) Walter Jackson "Bud" Sisk 229 Hesque Street Kingsport, TN 37665	0.426 acres 1/28 of 11.923 acres	0.2297%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hesque Street Kingsport, TN 37665	0.426 acres 1/28 of 11.923 acres	0.2297%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, In 46901	0.426 acres 1/28 of 11.923 acres	0.2297%

Tract #40A - 1.37 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	1.370 acres	0.7390%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) W.J. Sisk Heirs, Devisees	1.370 acres	0.7390%
(a) Dale Hodge Chambers Rt 1 Box 82 Raven, Va 24639	0.457 acres 1/3 of 1.37 acres	0.2463%
(b) Larry Douglas Chambers Rt 1 box 82 Raven, Va 24639	0.718 acres 11/21 of 1.37 acres	0.3871%
(c) Jimmy Donald Sisk 2854 Kay Blvd Norton, OH 44203	0.049 acres 1/28 of 1.37 acres	0.0264%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit
(d) Walter Jackson "Bud" Sisk 229 Hesque Street Kingsport, TN 37665	0.049 acres 1/28 of 1.37 acres	0.0264%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hesque Street Kingsport, TN 37665	0.049 acres 1/28 of 1.37 acres	0.0264%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, In 46901	0.049 acres 1/28 of 1.37 acres	0.0264%

Tract #40B - 1.662 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	1.662 acres	0.8965%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) Corbett Jackson Rt 1 Box 80 Raven, Va 24639	1.662 acres	0.8965%
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Exhibit EE
Unit SLW-7

Docket #VGOB 92-0218-0185-03

List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #30 - 36.788 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Hugh MacRae Land Trust, Tr.14 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	36.788 acres	19.8441%	n/a
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>			
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030			
<u>OIL & GAS OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP P.O. Box 675 Tazewell, VA 24651	36.788 acres	19.8441%	n/a
<u>Tract #32 - 7.040 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	7.040 acres	3.7975%	n/a
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>			
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030			
<u>OIL & GAS OWNERSHIP</u>			
(1) CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (previously Consolidation Coal Company)	7.040 acres	3.7975%	n/a
<u>Tract #33 - 15.868 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	15.868 acres	8.5595%	n/a

Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit	Percent of Escrow
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Although the deed from Hugh Macrae Land Trust to Torch Operating Company conveyed the Coal owners' claim to the CBM estate to Torch Operating Company. The CBM ownership was adjudicated to the prevailing plaintiff Sarah Kathleen Wade under Civil Action Case #CL09-476 executed August 31, 2010. Royalties are to be paid 100% to the prevailing plaintiff.

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

- (1) Thurman Wade Heirs, Devisees,
Successors or Assigns

(a) Sarah Kathleen Wade P. O. Box 225 Oakwood, VA 24631	15.868 acres	8.5595%	19.7588%
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NOTE: Sarah Kathleen Wade is prevailing Plaintiff in Civil Action Case #CL09-476 and is awarded 100% of the Coalbed Methane Gas estate underlying Tract #22. All bonuses and/or royalties are to be paid to Sarah Kathleen Wade.

Tract #34 - 0.772 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.772 acres	0.4164%	n/a
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (previously Consolidation Coal Company)	0.772 acres		n/a
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Tract #35 -13.307 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	13.307 acres	7.1780%	n/a
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Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185,385 Acre Unit)

	Net Acres in Unit	Interest in Unit	Percent of Escrow
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1)	CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (previously Pocahontas Gas Partnership)	13.307 acres	7.1780%	n/a
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Tract #39 - 7.057 Acres

COAL OWNERSHIP

(1)	Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	7.057 acres	3.8067%	n/a
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1)	Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	7.057 acres	3.8067%	n/a
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Tract #41B - 0.76 Acres

COAL OWNERSHIP

(1)	Coal Mountain Mining Company, LLP, Tr. 24 P.O. Box 675 Tazewell, VA 24651	0.760 acres	0.4100%	n/a
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OIL & GAS OWNERSHIP

(1)	Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	0.760 acres	0.4100%	n/a
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Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-03
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres In Unit	Interest In Unit	Percent of Escrow
<u>Tract #41C - 0.16 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP, Tr. 24 P.O. Box 675 Tazewell, VA 24651	0.160 acres	0.0863%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	0.160 acres	0.0863%	n/a

Exhibit A
Tract-by-Tract Escrow Calculation
Account Balances as of 8/31/10

Unit: SLW7
VGOB 92-0218-0185-03
Acres Escrowed: 80,308500

Owners	Tract #	Acres	Owners' Percent of Escrow (100%)	Amount Due Owners \$131,802.29
Torch Oil and Gas Company- Coal	33	15.868		
Sarah Wade (Thurman Wade) - O, G & CBM			19.7586%	\$26,042.56

Exhibit A
Tract-by-Tract Escrow Calculation
Account Balances as of 8/31/10

Unit: SLW7
VGOB 92-0218-0185-03
Acres Escrowed: 77.308500

Owners	Tract #	Acres	Owners' Percent of Escrow (100%)	Amount Due Owners \$131,802.29
Torch Oil and Gas Company- Coal	33	15.868		
Sarah Wade (Thurman Wade) - O,G & CBM			20.5256%	\$27,053.15

INSTRUMENT #100003384
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
DECEMBER 21, 2010 AT 12:22PM
BEVERLY S. TILLER, CLERK
RECORDED BY: NKE